

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**NOVEMBER 10, 2005**

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Attending the meeting from the Department were: Judith G. Ripley, Director; Philip Goddard, Deputy Director, Chief Legal Counsel and Secretary; James M. Cooper, Deputy Director; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Supervisor, Administration Division; Chuck T. Stumpf, Deputy Director, Administration Division; Mark Tarpey, Supervisor, Consumer Credit Division; John Schroeder, Deputy Director Non-Depository Division and Associate Counsel; Ronda Bailey, Administrative Assistant. Guests were: Mary Hill, Information Director, Indiana State Ethics Commission and Michael R. Brown, Vice President of Executive Media.

**I. EXECUTIVE SESSION: 10:00 a.m.**

1. James Cooper opened the session with a review of a report of examination, which was confidential as provided in IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1(b)(7).
2. Mark Tarpey updated the Members on two reports of examinations, which was confidential as provided in IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1(b)(7).

**II. PUBLIC SESSION: 10:30 a.m.**

- A. Members Present: David Bochnowski, Chairman; Joseph Pierce, Vice Chairman; Paul Sweeney Michael Davis and Travis Holdman and Rick Rice.
- B. Date of next meeting: December 15, 2005 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- C. Approval of the minutes of the meeting held on October 13, 2005. Chairman Bochnowski entertained a motion to approve the minutes of October 13, 2005 meeting. Mr. Pierce moved approval of the minutes; Mr. Davis seconded the motion, and the motion passed unanimously.
- D. No action was taken pursuant to the executive session, as the information was advisory only.
- E. Mary Hill, Information Director, Indiana State Ethics Commission gave a presentation to the Members on the new ethics rules. Several questions revolved around the Board Members soliciting political contributions on behalf of any candidate for public office. The staff was going to follow up with the Ethics Commission Board and report back to the Members at a later date.

**F. CONSUMER CREDIT DIVISION:**

1. Mr. Tarpey updated the Members in regards to the implementation of the database for payday lenders under IC 24-4.5-7-404(5). This issue had been previously discussed with the Members at the June 30 and August 11, 2005 meetings. The database became mandatory as of November 1, 2005. Staff has been advised of some implementation concerns from the lender, the customer and the regulator. DFI staff plans to solicit input in early December from lenders and database providers in regards to the implementation of the database and see if there are any steps that the DFI staff can take to help ensure smoother operations. This will allow for a one month period of operations to become established and self-correcting. **This item was for informational purposes only.**

**G. DIRECTOR'S COMMENTS AND REQUESTS :**

**1. CIB BANK, INDIANAPOLIS, MARION COUNTY, INDIANA**

- The bank notified the Department that they closed the branch office that was known as the **"Monument Circle Branch"** located at 26 Monument Circle, Indianapolis, Marion County, Indiana. The branch office closed on October 14, 2005 @ 5:00 p.m. **This item was for informational purposes only.**
2. Mr. Cooper recently attended the Information Technology Conference held in Austin Texas. Mr. Cooper is the Chairman of the CSBS Technology Committee. Mr. Cooper reported on several issues that were presented at the conference. Some of the issues were: examiners issues on the technology side, identity theft, laptop security and tools used in the examination process. Mr. Cooper stated that the conference was very informational. **This item was for informational purposes only.**
  3. Mr. Goddard recently attended the Money Transmitter Regulators Association meeting in California. Mr. Goddard served as President for MTRA for the past two years. Mr. Goddard reported on the presentations and issues that were presented at the conference. Some of the issues included: stored value cards, Anti-Money Laundering, bank closing of accounts of money transmitters and anti terrorist financing. Also discussed was the Memorandum of Understanding the states have signed with the Internal Revenue Service and FinCen concerning the sharing of information and coordination of examinations. Mr. Goddard stated that the conference was very informational. **This item was for informational purposes only.**

**H. ACTIONS BY DELEGATED AUTHORITY:**

**1. 1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank applied to the Department for approval to establish a branch office to be located at **1200 Nappanee Street, Elkhart, Elkhart County, Indiana**. The application was received on September 26, 2005. The branch is to be known as **Martin's - Elkhart Branch**. The proposed branch is a 726 square foot office inside a Martin's Super Market. The bank is

leasing the space from an independent third party with an annual rental of \$15,000 for the first year increasing to \$19,200 for the second year and \$21,000 for the third of the lease. The term of the lease is for three years with two three-year options. It is estimated that there will be \$37,000 worth of leasehold improvements to make the site into a banking facility. Furniture, fixtures, and equipment costs are projected at \$113,000. No relationship exists between parties involved in this transaction. The bank's three-year average ROA is 0.69%. As of June 30, 2005, the bank's ROA is 1.01% and its Tier 1 leverage capital ratio is 10.65%. The investment in total fixed assets to total capital will be 8.82% after the establishment of this branch and the branch relocation described below. The institution will have 62 branches with the opening of this branch. **The Director approved this on October 7, 2005, under delegated authority.**

2. **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank applied to the Department for approval to relocate a branch office from **135 South Front Street, Dowagiac, Cass County, Michigan** to **223 South Front Street, Dowagiac, Cass County, Michigan**. The application was received on September 26, 2005. The branch will continue to be known as **Dowagiac Branch**. The bank proposes to build a 3,450 square foot new modern facility. The estimated cost for constructing the new branch is \$464,000. Furniture, fixtures, and equipment are projected at \$97,000. No relationship exists between the parties involved in this transaction. The bank's current branch will terminate its current month-to-month lease. The expected date to relocate is December 5, 2005. The bank's three-year average ROA is 0.69%. As of June 30, 2005, the bank's ROA is 1.01% and its Tier 1 leverage capital ratio is 10.65%. The investment in total fixed assets to total capital will be 8.82% after the establishment of this branch relocation and the branch described above. The bank will continue to have 62 branches after the relocation. **The Director approved this on October 7, 2005, under delegated authority.**

3. **TOWER BANK & TRUST COMPANY, FORT WAYNE, ALLEN COUNTY, INDIANA**

The bank applied to the Department for approval to establish a branch office to be located at **6430 West Jefferson Boulevard, Fort Wayne, Allen County, Indiana**. The application was received on September 8, 2005. The branch is to be known as **Covington Plaza Branch**. The proposed branch is a 3,000 square foot newly constructed office space on an outlot of a retail shopping center known as "Covington Plaza." The applicant is leasing the space from an independent third party for 15 years with two extensions of five years with an annual rental of \$60,000. Furniture, fixtures, and equipment costs are projected at \$50,000. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 0.60%. As of June 30, 2005, the bank's ROA was 0.74% and its Tier 1 leverage capital ratio was 9.71%. The investment in total fixed assets to total capital will increase from 5.28% to 5.38% after the establishment of this branch. This will be the institution's fifth branch. **The Director approved this on October 7, 2005, under delegated authority.**

4. **PEOPLES BANK, SB, MUNSTER, LAKE COUNTY, INDIANA**

The bank applied to the Department for approval to establish a branch office to be located at **1801 West 25<sup>th</sup> Avenue, Gary, Lake County, Indiana**. The application was received on September 1, 2005. The branch is to be known as **Gary Banking Center**. The proposed branch is a 3,200 square foot, one story, newly constructed branch banking facility. The applicant has purchased the land from an independent third party for \$446,372. The estimated cost for constructing the branch is \$640,000. Furniture, fixtures, and equipment costs are projected at \$250,000. No relationship exists between the parties involved in this transaction. As of June 30, 2005, the bank's ROA was 1.20% and its Tier 1 leverage capital ratio was 7.62%. The investment in total fixed assets to total capital will increase from 28.78% to 31.48% after the establishment of this branch. This will be the institution's eighth branch. **The Director approved this on October 7, 2005, under delegated authority.**

5. **FIRST STATE BANK OF ELDORADO. ELDORADO, SALINE COUNTY, ILLINOIS**

An application for issuance of a certificate of admission was received from First State Bank of Eldorado, Eldorado, Saline County, Illinois ("First State Bank"). First State Bank filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-2-18 and IC 28-1-22. The bank intends to conduct banking activity through a branch in Evansville, Indiana. First State Bank is an Illinois state chartered bank. James V. Douglass, 1010 West Buena Vista, Evansville, Vanderburgh County, Indiana has been appointed as resident agent for service of legal process by Farmers State Bank. **A Certificate of Admission was issued by the Director under delegated authority on October 7, 2005.**

6. **COMMUNITY BANK OF SOUTHERN INDIANA, NEW ALBANY, FLOYD COUNTY, INDIANA**

Community Bank of Southern Indiana applied to the Department for permission to amend Section 1 of its Articles of Incorporation. The amendment to Section 1 will change the bank's name to **Your Community Bank**. The effective date of the amendment will be the date the Articles of Amendment are filed with the Secretary of State. The Director under delegated authority approved this on October 7, 2005.

7. **Family Horizons Credit Union, Indianapolis, Marion County, Indiana**

The credit union requested approval of a Petition of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed persons who reside or are employed within the following communities into the field of membership of the credit union:

Decatur Township, Franklin Township, Lawrence Township, Perry Township, Pike Township, Warren Township, Washington Township, Wayne Township (all within Marion County) Boone County, Hamilton County, Hendricks County, Johnson County, Madison County, Morgan County, and Shelby County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10). **The Director**

**approved this on October 18, 2005, under delegated authority.**

**8. Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union requested approval of a Petition of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Olmstead Machine – Niles, MI – 3 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on October 21, 2005, under delegated authority.**

**9. State Merit Service Credit Union, Indianapolis, Marion County, Indiana**

The credit union requested approval of a Petition of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment placed the following organizations into the field of membership of the credit union:

Indiana Utility Regulatory Commission – Indianapolis – 72 members (common bond of occupation as defined by 28-7-1-10).

Alcohol and Tobacco Commission – Indianapolis – 85 members (common bond of occupation as defined by 28-7-1-10).

Indiana Department of Revenue – Indianapolis – 974 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on October 27, 2005, under delegated authority.**

**10. Forum Credit Union, Indianapolis, Marion County, Indiana**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership.) This amendment would place the following organizations into the field of membership of the credit union:

R. N. Thompson & Associates, LLC – Indianapolis – 70 members (common bond of occupation as defined by 28-7-1-10).

NAFC – Fort Wayne – 4 members (common bond of occupation as defined by 28-7-1-10).

Caring Dentists – Indianapolis – 4 members (common bond of occupation as defined by 28-7-1-10).

Heartland Excavating – Indianapolis – 9 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on October 31, 2005, under delegated authority.**

**CERTIFICATION:**

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

**APPROVED:**

**ATTEST:**

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**David A. Bochnowski, Chairman**

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**J. Philip Goddard, Secretary**